

Village of Broadview – Cook County, IL
Explanation of the 2012 Tax Levy
Public Hearing on December 3, 2012

TO BOARD OF TRUSTEES OF THE VILLAGE OF BROADVIEW – COOK COUNTY, IL

This document is designed to provide the Board Trustees and Taxpayers of Village of Broadview with a general overview of the Village's proposed 2012 tax levy activities and the basis for requested tax revenues and their intended uses.

PROPOSED LEVY FOR TAX YEAR 2012

The proposed tax levy for the Village of Broadview is summarized as follows:

Levy Category	2011 Extension	2012 Proposed Levy	Increase/(Decrease) 2012 Base Levy over 2011 Extension	
Corporate	977,060	960,000	(17,060)	-2%
Garbage	-	-	-	
Police Pension	762,734	630,569	(132,165)	-17%
Fire Pension	906,763	1,038,774	132,011	15%
IMRF	-	150,000	150,000	100%
Street & Bridge	180,894	200,000	19,106	11%
Public Benefit	-	-	-	
Fire Protection	680,301	710,000	29,699	4%
Police Protection	680,301	710,000	29,699	4%
Civil Defense	-	-	-	
Auditing	47,170	49,000	1,830	4%
Liability Insurance	100,522	102,000	1,478	1%
Recreation	-	-	-	
Aggregate Levy <i>(subject to Tax Cap Formula)</i>	4,335,745	4,550,343	214,598	4.9%
Purchase Agreement	-	-	-	
Debt Service – Bond Interest	491,222	400,474	(90,748)	
Debt Service - Bond Principal	1,873,460	1,921,164	47,704	
Debt Service Levy <i>(subject to Extension Limit)</i>	2,364,682	2,321,638	(43,044)	-1.8%
Fire Pension P.A. 93-0689 Contribution	20,813	20,132	(681)	
Total Levy	6,721,240	6,892,113	170,873	2.5%

The proposed levy amounts were developed taking in consideration such factors as the current village-stipulated maximum rates, historical tax rate trends, the village outstanding debt obligations, GASB compliance issues, and the adequacy of the fund balances for the specific levy categories.

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Aggregate Levy

The proposed 2012 aggregate levy for corporate and special purposes equates to a 4.9% increase over the prior year's tax extension, which is the maximum increase (5%) that a municipality can levy without a referendum. The distribution of levy dollars among the various funding categories incorporates actuarial funding recommendations related to the Village's net pension obligations to the Fire and Police pension funds and IMRF funding based on current related workforce levels. Distributions to other levy categories were based on future operational needs, staying within maximum levy ceiling rate considerations.

In addition to the base levy amount proposed, the Village (by a standing ordinance) also directs the Cook Clerk to levy a 3% loss amount (totaling \$136,510) which goes to offset property taxes not collected.

Debt Service Levy

The proposed 2012 levy for debt service and public building commission leases is based on the Village's total debt obligations payable in calendar year 2013, which equates to a 4.1% decrease versus the last year's tax extension and abatements for debt services. Although debt categories of the levy process are not subject to the tax cap limitation, the total taxes that a non-home rule municipality can levy or collect toward debt services is limited to the 1994 debt level, increased annually by the CPI. For the 2012 levy, the Debt Service Extension Base Limit is estimated to be \$966,690. Accordingly, the Village annually passes ordinances to identify specified debt issuances to "abate" from the initial debt service levy request so that the net request will fall within the state-stipulated debt extension limit.

A schedule of the debt obligations to be levied and/or abated is summarized as follows:

Calendar Year 2012 (2011 LEVY)				Calendar Year 2013 (2012 LEVY)			
		Cash Requirement	DEBT FUNDING ACTION			Cash Requirement	DEBT FUNDING ACTION
Bond Series 2003 A							
12/01/2012	Interest	\$ 11,539.50	ABATE	12/01/2013	Interest	\$ 12,835.90	ABATE
12/01/2012	Principal	\$ 23,460.50	ABATE	12/01/2013	Principal	\$ 22,164.10	ABATE
		<u>\$ 35,000.00</u>				<u>\$ 35,000.00</u>	
Bond Series 2003 B							
06/01/2012	Interest	\$ 151,186.25	ABATE	06/01/2013	Interest	\$ 140,786.25	ABATE
12/01/2012	Interest	\$ 151,186.25	ABATE	12/01/2013	Interest	\$ 140,786.25	ABATE
12/01/2012	Principal	\$ 520,000.00	ABATE	12/01/2013	Principal	\$ 540,000.00	ABATE
		<u>\$ 822,372.50</u>				<u>\$ 821,572.50</u>	
Bond Series 2005 B							
06/01/2012	Interest	\$ 47,318.75	ABATE	06/01/2013	Interest	\$ 36,687.50	ABATE
12/01/2012	Interest	\$ 47,318.75	ABATE	12/01/2013	Interest	\$ 36,687.50	ABATE
12/01/2012	Principal	\$ 405,000.00	ABATE	12/01/2013	Principal	\$ 425,000.00	ABATE
		<u>\$ 499,637.50</u>				<u>\$ 498,375.00</u>	

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Annual Rollover Bond Series 2012

06/01/2012	Interest	\$ 17,343.75	LEVY
12/01/2012	Interest	\$ 17,343.75	LEVY
12/01/2012	Principal	<u>\$ 925,000.00</u>	LEVY
		<u>\$ 959,687.50</u>	
TOTAL DEBT SERVICE		\$ 2,316,697.50	
Less: Total Abatements		<u>\$ 1,357,010.00</u>	
NET LEVY AMOUNTS		<u>\$ 959,687.50</u>	

Annual Rollover Bond Series 2013

06/01/2013	Interest	\$ 16,345.00	LEVY
12/01/2013	Interest	\$ 16,345.00	LEVY
12/01/2013	Principal	<u>\$ 934,000.00</u>	LEVY
		<u>\$ 966,690.00</u>	
		\$ 2,321,637.50	
		<u>\$ 1,354,947.50</u>	
		<u>\$ 966,690.00</u>	

In addition to the net debt service levy amount proposed, the Village (by a standing ordinance) also directs the Cook Clerk to levy a 5% loss amount (totaling \$48,335) which goes to offset property taxes not collected.

Fire Pension P.A. 93-0689 Contribution

In 2010, the Village incorporated the provisions of state statute 40 ILCS 5/4-118, which allows a portion of the Fire Pension levy dollars to be extended 'outside of the tax cap', as determined by actuarial recommendations. In 2012, the actuarial amount is \$20,132, slightly lower than last year.

"THE TAX RATE"

When the Village submits its "tax levy", we are requesting a specific amount of money to be collected on our behalf by county officials. The levy is only a request for funds. The levy dollars requested will be forthcoming to the village, only if the total equalized assessed valuation (EAV) allows that requested dollars can be generated by a tax rate computed within state and county tax limitation laws or voter-approved referendum.

The County Clerk "extends" the allowed levy across all taxable properties within the village's boundaries in order to collect the dollars required to perform village operations and meet the village's debt obligations based on a computed "tax rate", which considers of the following limiting factors:

- 1) the Authorized Maximum Tax Rates within individual levy categories;
- 2) the actual 2012 Equalized Assessed Valuation (EAV);
- 3) the Tax Cap Limiting Rate factor;

1) AUTHORIZED TAX RATES / PERMISSIVE TAX LIMITS

The tax rate is a composite of Village rates levied for specific purposes. Each levy category is subject to tax rate limitations for each specific purpose. If the Village needs to increase the permissive tax limits, we must first seek voter permission by referendum at a general election. Noted below are the current tax rate maximums that Village of Broadview may levy without referendum.

Fund / Purpose	Maximum Fund Tax Rate
Corporate (General Fund)	0.4375
Garbage	0.2000
Police Pension	As required to cover funding obligations
Fire Pension	As required to cover funding obligations
IL Municipal Retirement Fund (IMRF)	As required to cover funding obligations
Street & Bridge	0.1000
Public Benefit	0.0500
Fire Protection	0.6000
Police Protection	0.6000

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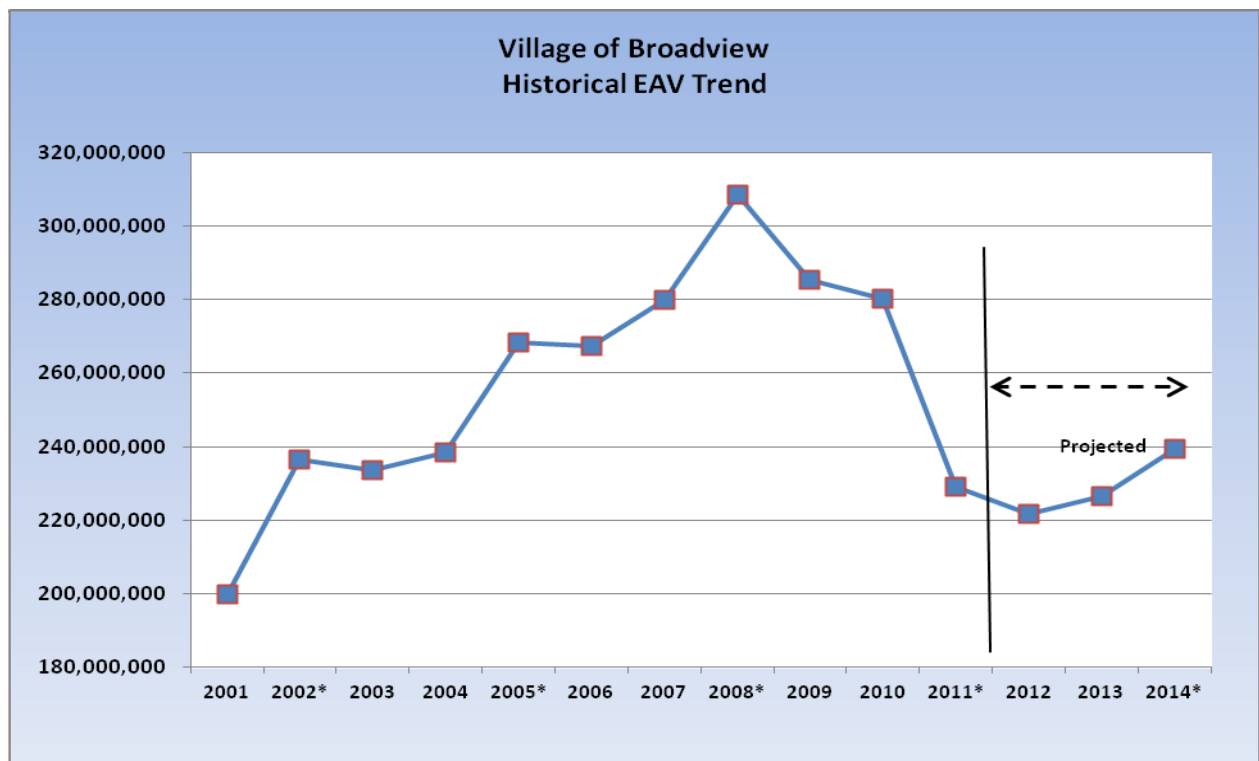
Civil Defense	0.0500
Auditing	As required to cover auditing costs.
Liability Insurance	As required to cover insurance costs.
Recreation	As required to pay obligations
Purchase Agreement (Debt Service)	As required to pay obligations
Bonds & Interest (Debt Service)	As required to pay debt obligations
Limited Bonds (Debt Service)	As required to pay debt obligations

2) EQUALIZED ASSESSED VALUATION (EAV)

At this time, the 2012 EAV to be used in determining Village of Broadview's allowable tax levy request is not yet known, so estimation is used. We are estimating that the EAV of properties supporting the Village of Broadview will be \$221,584,077 based on the historical trend the EAV values, which indicate a decrease in the year following the tri-annual re-assessment cycle.

	<u>Tax Year</u>	<u>EAV</u>	<u>Change In EAV</u>	<u>% Change in EAV</u>
<i>*Re-assessment Year</i>	2005	268,308,220	29,796,640	12.5%
	2006	267,489,978	(818,242)	-0.3%
	2007	279,872,816	12,382,828	4.6%
<i>*Re-assessment Year</i>	2008	308,627,383	28,754,567	10.3%
	2009	285,491,817	(23,135,566)	-7.5%
	2010	280,257,063	(5,234,754)	-1.8%
<i>*Re-assessment Year</i>	2011	228,980,694	(51,276,369)	-18.3%
<u>Forward Year Projection:</u>				
	2012	221,584,077	(7,396,617)	-3.2%

**Cook county properties are re-assessed on a tri-annual basis (every 3 years.)*



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3) TAX CAP LIMITING RATE

State law limits the maximum composite dollars that taxing agencies can increase tax levy requests over the preceding year, based on a “tax cap” formula. The tax cap formula basically restricts the total levy amount (excluding debt services) to exceed the prior year’s levy by 5% or the Consumer Price Index (CPI) whichever is lower. In 2012, the CPI is 3.0% (lower than the 5% maximum), so the tax cap formula will not allow the Village’s total levy amount (excluding debt services) to exceed 3.0% over the 2011 extension dollars.

$$\text{Tax Rate Ceiling} = \frac{\text{Prior Year Extension} \times (1 + 5\%) \text{ or } (1 + \text{CPI})}{\text{Current Year EAV} - \text{New Property Value}}$$

Why are we proposing the 5% maximum increase (explained in Aggregate Levy section above) if the Tax Cap formula will limit 2012 levy to the 3.0% CPI? Answer: to cover the possible fluctuation of the unknown 2012 Equalized Assessed Value (EAV) in the Tax Cap formula denominator. In order to maximize revenues under the levy process, the proposed levy is prepared as a “balloon levy”. The term “balloon levy” refers to levying dollars at a higher level than anticipated, because the actual 2012 EAV is not yet known. Should the actual 2012 EAV exceed the estimated assessment, the final levy dollars received will be limited by the EAV denominator within the tax cap formula. On the other hand, if the EAV falls below the estimated assessment level, the balloon levy allows the district to receive additional revenues needed to operate, up to proposed levy amount.

The Cook County Clerk’s Office will implement the Property Tax Extension Limitation Law (PTELL) based upon its determination of the actual 2012 EAV for our taxing district. In the event that the tax cap limits the dollar amount requested within the proposed tax levy, the County Clerk will reduce the overage proportionally from each of the levy categories to ensure that adequate funds are distributed to each of the fund balances.

The 2012 proposed levy would equate to an estimated tax rate of 2.499%, after proposed debt service abatements. However, utilizing the tax cap formula limitations, the Village tax rate will likely be lower than proposed, or around 2.490%. These rates, although much higher than previous years, reflect only \$153,465 increase in requested dollars; however if received, it will be extended over a slightly lower tax base.

A historical schedule of the Village of Broadview’s tax rates is summarized as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> <u>(estimate)</u>
Total Levy Dollars Extended/Requested	\$4,608,667	\$4,743,942	\$4,849,410	\$5,015,196	\$5,078,899	\$5,254,935	\$5,365,018	\$5,537,165
Equalized Assessed Valuation (EAV)	268,308,220	267,489,978	279,872,816	308,627,383	285,491,817	280,257,063	228,980,694	221,584,077
Village Tax Rate	1.718%	1.774%	1.733%	1.625%	1.779%	1.875%	2.343%	2.499%

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VILLAGE LEVY TRANSLATED TO SAMPLE TAX BILL

The following is an example of how the Village of Broadview's proposed tax levy could impact a taxpayer's tax bill for a property valued at \$125,000:

	2011	(Proposed) 2012	(After Tax Cap) Likely 2012	
<u>A</u> Property Value	\$125,000	\$125,000	\$125,000	<i>No Re-Assessment Due in 2012</i>
<u>B</u> Assessment Level	<u>X 10%</u>	<u>X 10%</u>	<u>X 10%</u>	
<u>C</u> = Assessed Value	\$ 12,500	\$ 12,500	\$ 12,500	
<u>D</u> X State Equalization Factor	<u>X 2.9706</u> (2011 factor)	<u>X 2.9706</u> (2011 factor)	<u>X 2.9706</u> (2011 factor)	
<u>E</u> =Equalized Assessed Valuation (EAV)	\$ 37,132.50	\$ 37,132.50	\$ 37,132.50	
<u>F</u> x Tax Rate **	<u>2.343%</u>	<u>2.499%</u> (estimate)*	<u>2.490%</u> (estimated-capped)*	
<u>G</u> =Property Tax	<u>\$870</u>	<u>\$928</u>	<u>\$925</u>	
Increase/(Decrease)		<u>\$58</u>	<u>\$55</u>	

** The 2012 tax rates are presented as estimated computations; for comparative purposes only and do not incorporate any exemption considerations.

A detailed worksheet of how estimated rates were calculated is attached for the Board's information.

More information regarding the levy process, visit the Cook County Clerk's Office websites at <http://www.cookctyclerk.com> or www.cookcountytreasurer.com

Respectfully Submitted,

Jan Baptist
Director of Finance
Village of Broadview

PROPOSED LEVY

11/19/2012

Village of Broadview, Cook County IL Proposed Tax Levy for Tax Year 2012

Limiting Rate = (Prior Year Tax Extension Aggregate Total x Consumer Price Index) / (Current Year EAV - New Property Value)

		2011	2012	
Prior Year Tax Extension (excluding Debt)		4,250,095	4,335,745	
x Consumer Price Index		1.0150	1.0300	Confirmed CPI for 2012
a		4,313,846	4,465,817	
CY Equalized Assessed Valuation (EAV)		228,980,694	221,584,077	2012 Projected EAV based on Historical Trend
Less New Property Values		1,117,317	859,204	based on 10-year Historical Median
b		227,863,377	220,724,873	
Limiting Rate/Tax Cap = (a/b)		1.894%	2.023%	

Fund	Levy Category	Maximum Fund Rate	2011 Extension	Tax Rate = Extension / EVA	Proposed 2012 Base Levy Amount	Tax Rate = Base Levy / EAV	Loss Amount (3% of Base Levy for Cap / 5% for Noncap Categories)	Total 2012 Proposed Extension	Tax Rate = Proposed Extension / Projected EVA	% Incr/ (Decr) vs 2011 Extension over Base	Clerk Reduction to Maximum Ceiling Rates	Pro-Rata Reduction to apportion extension to Tax Cap	2012 EXPECTED TAX LEVY EXTENSION	Estimated EXTENDED Tax Rate	Expected Levy vs Prior Year Incr/(Decr)
01	Corporate	0.4375%	977,848	0.4270%	960,000	0.4332%	28,800	988,800	0.4462%	1%	(19,370)	(38,996)	930,435	0.4199%	(47,413)
03	Garbage	0.2000%	-	0.0000%	-	0.0000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
62	Police Pension	0.0000%	762,734	0.3331%	630,569	0.2846%	18,917	649,486	0.2931%	-15%	-	(25,614)	623,872	0.2816%	(138,862)
61	Fire Pension	0.0000%	906,763	0.3960%	1,038,774	0.4688%	31,163	1,069,937	0.4829%	18%	-	(42,196)	1,027,742	0.4638%	120,979
07	IMRF	0.0000%	-	0.0000%	150,000	0.0677%	4,500	154,500	0.0697%	0%	-	(6,093)	148,407	0.0670%	148,407
01	Street & Bridge	0.1000%	180,894	0.0790%	200,000	0.0903%	6,000	206,000	0.0930%	14%	-	(8,124)	197,876	0.0893%	16,982
01	Public Benefit	0.0500%	-	0.0000%	-	0.0000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
01	Fire Protection	0.6000%	680,301	0.2971%	710,000	0.3204%	21,300	731,300	0.3300%	7%	-	(28,841)	702,459	0.3170%	22,158
01	Police Protection	0.6000%	680,301	0.2971%	710,000	0.3204%	21,300	731,300	0.3300%	7%	-	(28,841)	702,459	0.3170%	22,158
01	Civil Defense	0.0500%	-	0.0000%	-	0.0000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
01	Auditing	0.0000%	47,170	0.0206%	49,000	0.0221%	1,470	50,470	0.0228%	7%	-	(1,990)	48,480	0.0219%	1,310
01	Liability Insurance	0.0000%	100,522	0.0439%	102,000	0.0460%	3,060	105,060	0.0474%	5%	-	(4,143)	100,917	0.0455%	395
01	Recreation	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
Total Aggregate Levy - Capped Funds			4,336,533	1.894%	4,550,343	2.054%	136,510	4,686,853	2.120%	8%	(19,370)	(184,838)	4,482,646	2.023%	146,113
					4.9%										
30	Purchase Agreement	0.0000%	-	0.0000%	-	0.000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
30	Debt Service - B&I	0.0000%	-	0.0000%	-	0.000%	-	-	0.0000%	0%	-	-	-	0.0000%	-
30	Debt Service - Limited Bonds	0.0000%	1,007,672	0.4401%	966,690	0.436%	48,335	1,015,025	0.4581%	1%	-	-	1,015,025	0.4581%	7,353
01	Fire Pension-P.A. 93-0689 Contribution	0.0000%	20,813	0.0091%	20,132	0.009%	604	20,736	0.0094%	0%	-	-	20,736	0.0094%	(77)
Debt Service - NonCapped Funds			1,028,485		986,822		48,938	1,035,760			-	-	1,035,760		7,275
					-4.1%										
Total Levy			5,365,018	2.343%	5,537,165	2.499%	185,449	5,722,614	2.583%	7%	(19,370)	(184,838)	5,518,406	2.490%	153,465
					3.2%										
			\$ 788		Proposed Levy Over Tax Cap Rate Limitation										
County Rndg added to Corporate					(67,697)	-0.031%		(204,207)	-0.092%						